

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**CORRECTED  
FISCAL NOTE**

**SB 1484 - HB 1582**

March 29, 2021

**SUMMARY OF BILL:** Allocates to any municipality having a United Soccer League (USL) franchise, an amount equal to the amount of state sales and use tax revenue derived from the sales of admissions to games, food, and drinks sold on the premises, parking charges, related services, and any sales of authorized franchise goods and products.

**ESTIMATED FISCAL IMPACT:**

On March 29, 2021, a fiscal note was issued for this legislation estimating a fiscal impact as follows:

Decrease State Revenue - \$315,000/FY21-22  
\$384,400/FY22-23 and Subsequent Years

Increase local Revenue - \$315,000/FY21-22  
\$384,400/FY22-23 and Subsequent Years

Based on further review, the fiscal impact was determined to be in error. The estimated fiscal impact has been corrected as follows:

**(CORRECTED)**

**Decrease State Revenue - \$315,000/FY21-22 and Subsequent Years**

**Foregone State Revenue - \$69,400/FY22-23 and Subsequent Years**

**Increase local Revenue - \$315,000/FY21-22  
\$384,400/FY22-23 and Subsequent Years**

Corrected Assumptions:

*Memphis, Chattanooga, and Johnson City teams:*

- Memphis, Chattanooga, and Johnson City currently have USL teams.
- According to the Department of Revenue (DOR) the estimated sales for the Memphis team is \$4,366,875, and \$857,500 for Chattanooga.

- Based on the 2010 census Chattanooga metropolitan area had 528,143 in population and Johnson City combined statistical area had 480,091. It is therefore estimated that the revenue from the Johnson City team would be \$779,482  $[(480,091 / 528,143) \times \$857,500]$ .
- The total taxable sales from these three teams is estimated to be \$6,003,857  $(\$779,482 + \$857,500 + \$4,366,875)$ .
- Pursuant to Tenn. Code Ann. § 67-6-103(a)(3)(A), local governments receive 4.603 percent of state sales tax revenue from the 5.5 percent tax rate as state-shared sales tax revenue.
- The decrease in state revenue and corresponding increase in local revenue is estimated to be \$315,012  $[(\$6,003,857 \times 5.5\%) - (\$6,003,857 \times 5.5\% \times 4.603\%)]$  in FY21-22 and subsequent years.

*Knoxville:*

- It is estimated that the Knoxville team will not play their first game until FY22-23.
- Based on the 2010 census the population of Knoxville metropolitan area had 814,914 in population; it is therefore estimated that the revenue from the Knoxville team would be \$1,323,105  $[(814,914 / 528,143) \times \$857,500]$ .
- The foregone state revenue and corresponding increase in local revenue is estimated to be \$69,421  $[(\$1,323,105 \times 5.5\%) - (\$1,323,105 \times 5.5\% \times 4.603\%)]$  beginning in FY22-23.
- The total increase in local revenue, beginning FY22-23 is \$384,433  $(\$69,421 + \$315,012)$ .

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

/aw